



Medical Services Administration Fiscal Year 2016

Presentation to House and Senate Appropriations Subcommittees
on Community Health
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Our Guiding Principles

Mission

The Michigan Department of Community Health will protect, preserve, and promote the health and safety of the people of Michigan with particular attention to providing for the needs of vulnerable and under-served populations.

Vision

Improving the experience of care, improving the health of populations, and reducing costs of health care.

Leadership, Excellence, Teamwork

Strategic Priorities

- Promote and Protect Health, Wellness, and Safety
- Improve Outcomes for Children
- Transform the Healthcare System
- Strengthen Workforce and Economic Development

Topics

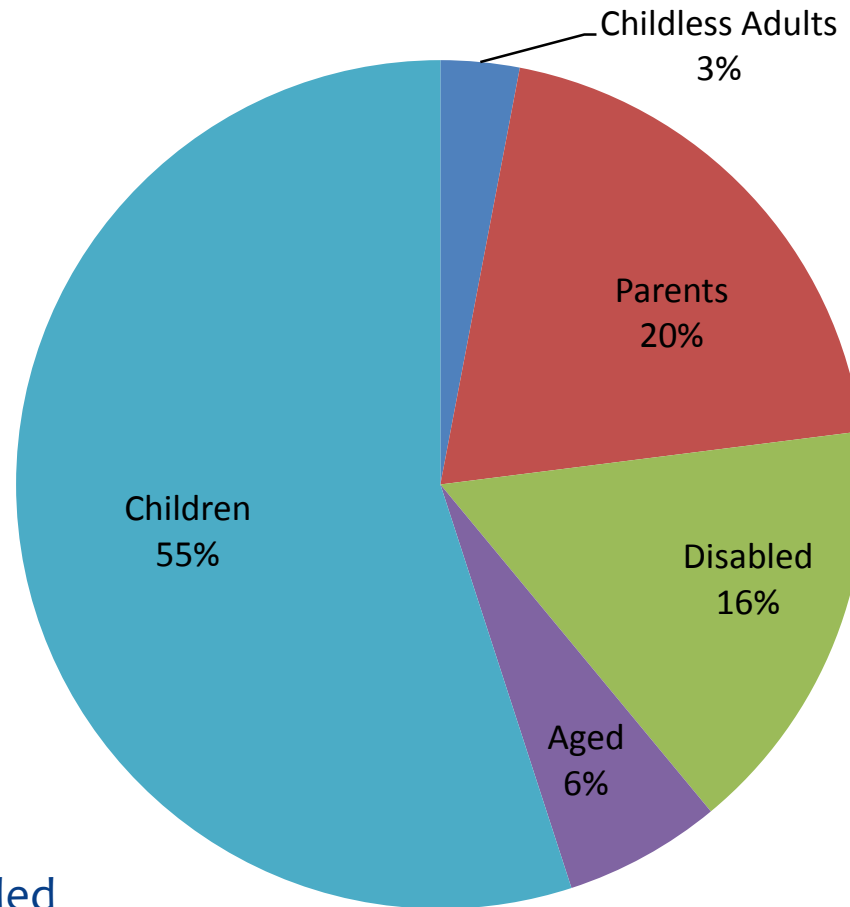
- Michigan Medical Services
 - Overview
 - Financing
 - Managed Care & Health Plan Rebid
 - Long Term Care Supports and Services & Integrated Care for Dual Eligibles
 - Healthy Michigan Plan (HMP)
- FY16 Executive Budget Recommendation

Overview

Service Statistics

- 1,842,955 total average eligibles-traditional Medicaid
- 1,139,625 children served
- 348,045 disabled adults served
- 583,752 individuals enrolled in Healthy Michigan
- 13 Managed Care Plans
- 1,863,525 school-based direct service procedures
- 95,000,000 payments processed last year
- 1,627,138 calls handled annually by Michigan Enrolls
- 3,026 women using Maternal Outpatient Medical Services program each month
- 29,145 nursing home residents
- 541,781 children enrolled in Healthy Kids Dental
- 35,075 enrolled in MI Child

Medicaid Consumers

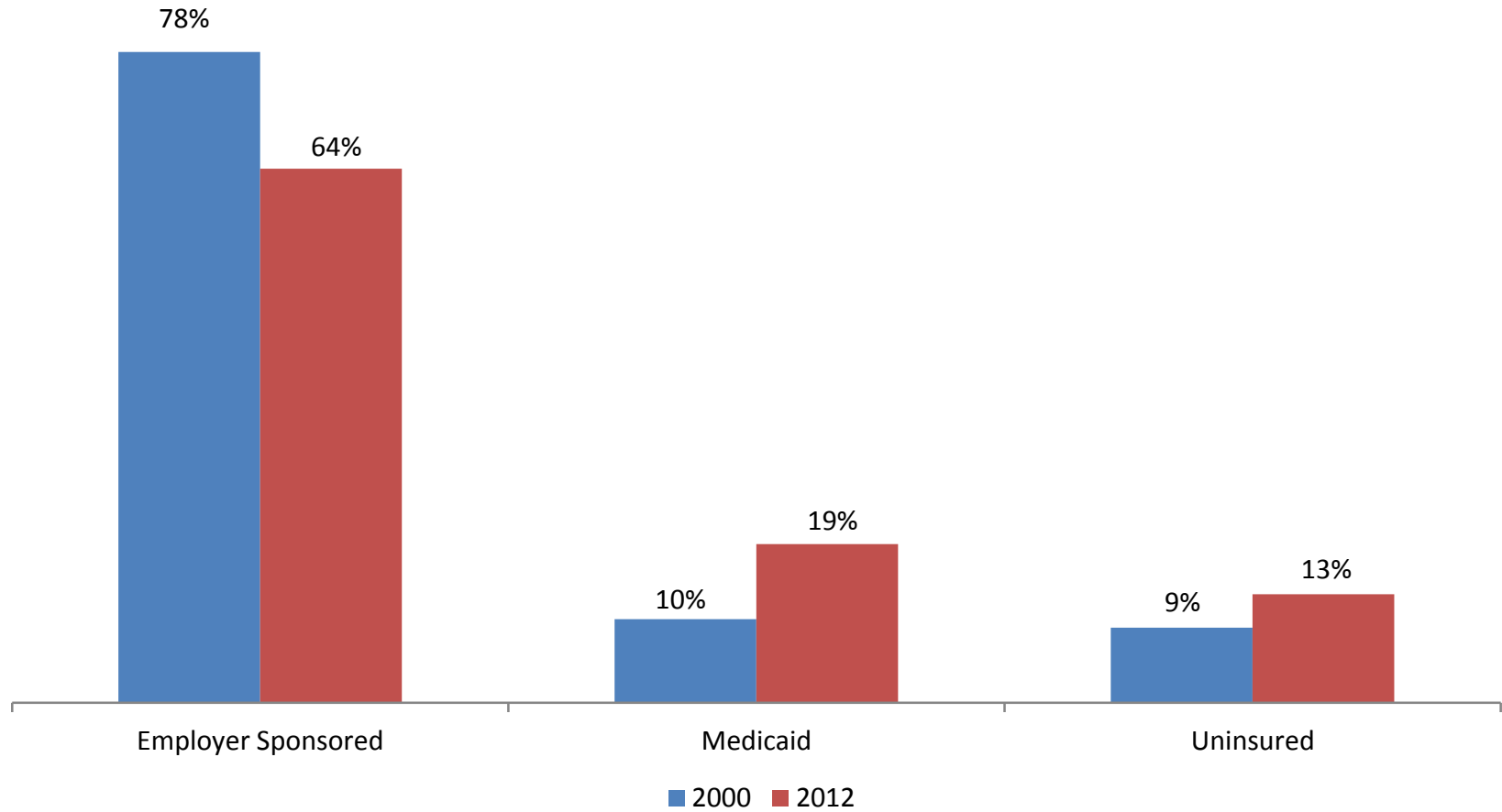


- 55% are Children
- 22% are Aged or Disabled

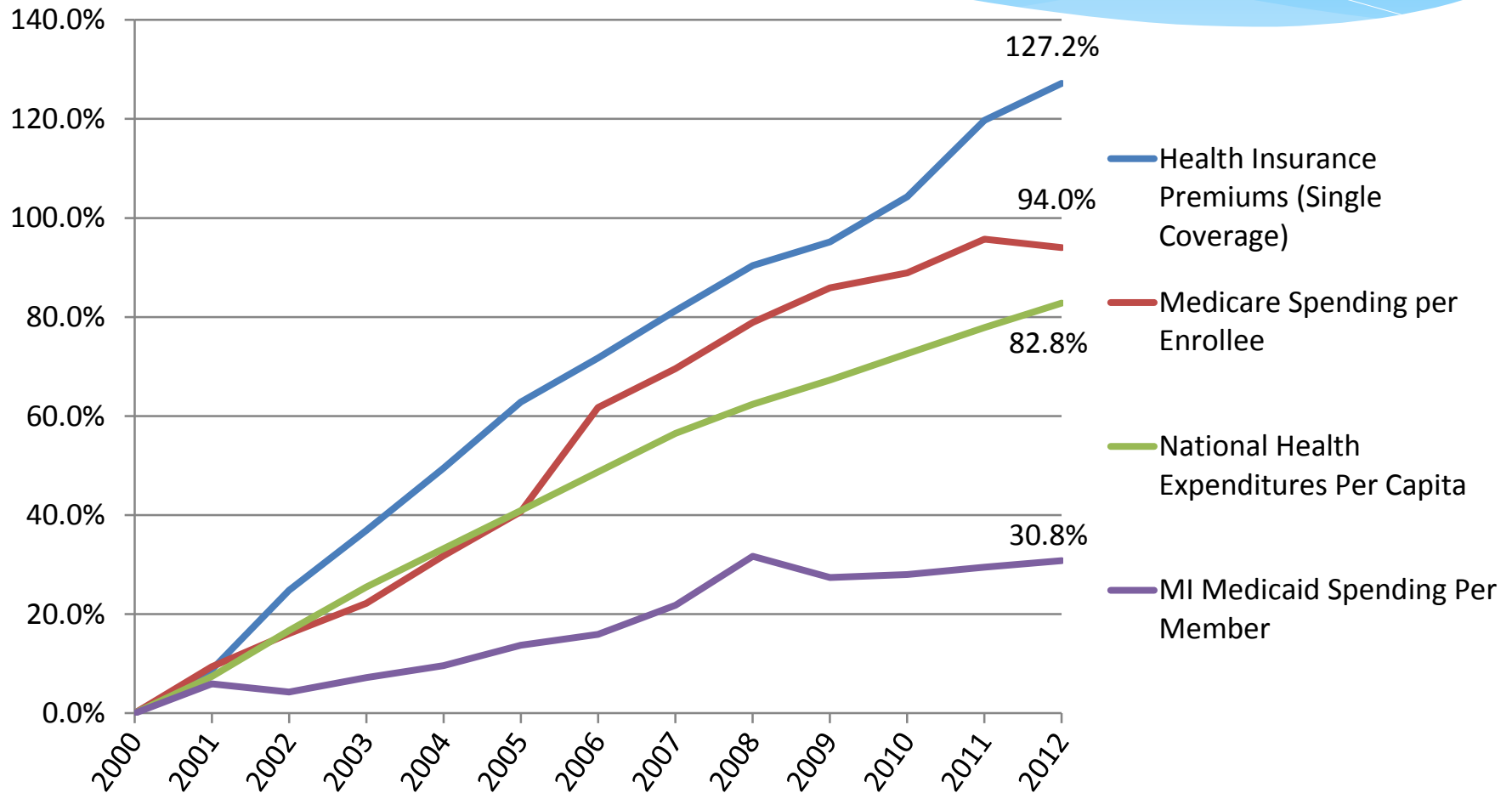
Partnerships

- Hospitals, Physicians, Pharmacies, Long Term Care Community Providers, Nursing Homes, Dentists, Many Other Professional Practitioners, Durable Medical Equipment and Suppliers
- Health Maintenance Organizations – for-profit and non-profit
- Federally Qualified Health Centers, Rural Health Clinics and Look-a-Likes
- Community Mental Health Agencies
- Local Health Departments
- University Medical Schools
- Various Community and Advocacy Organizations
- Private sector contractors – Maximus, CNSI, Optum

Health Insurance Coverage Shifts

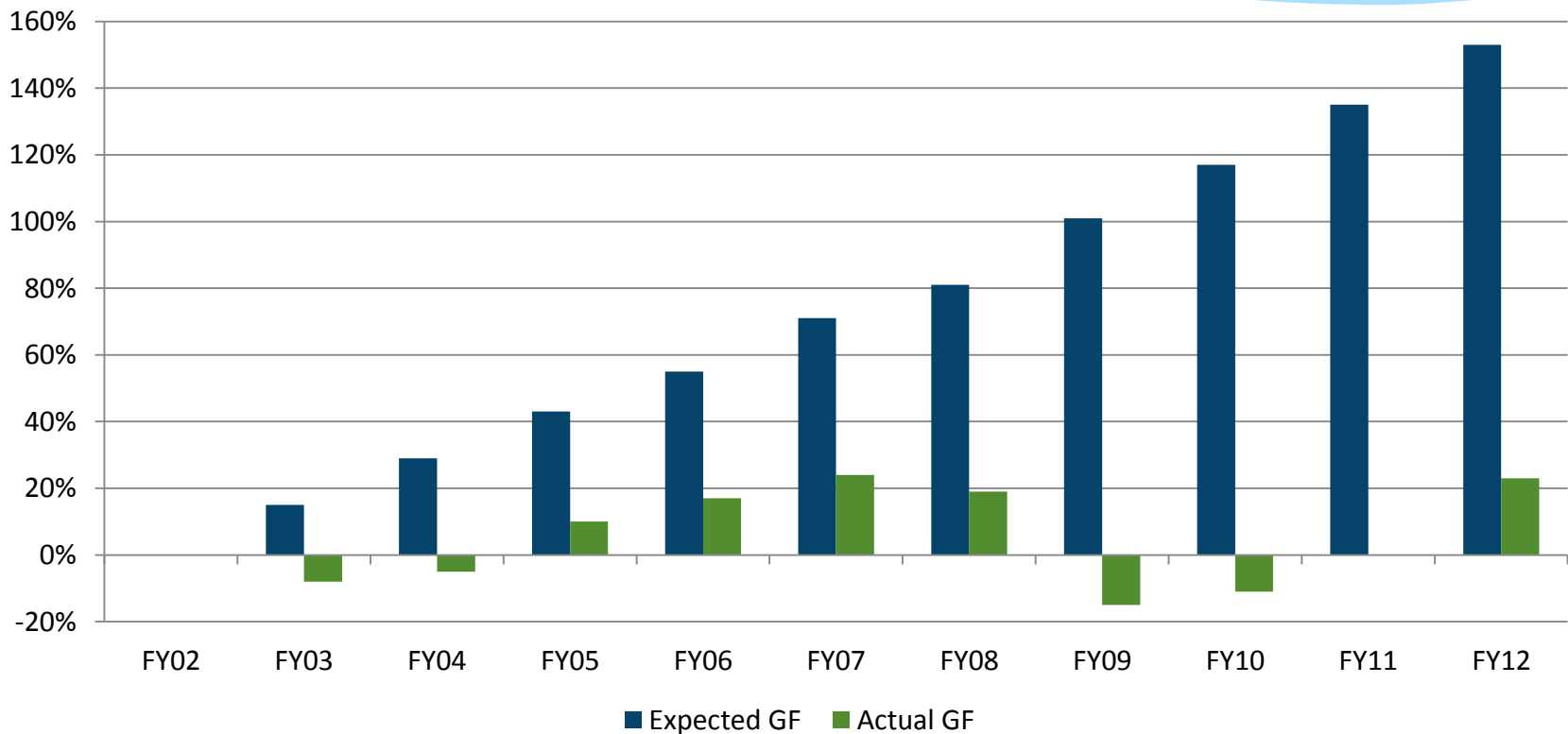


Historical Costs of Health Care 2000-2012

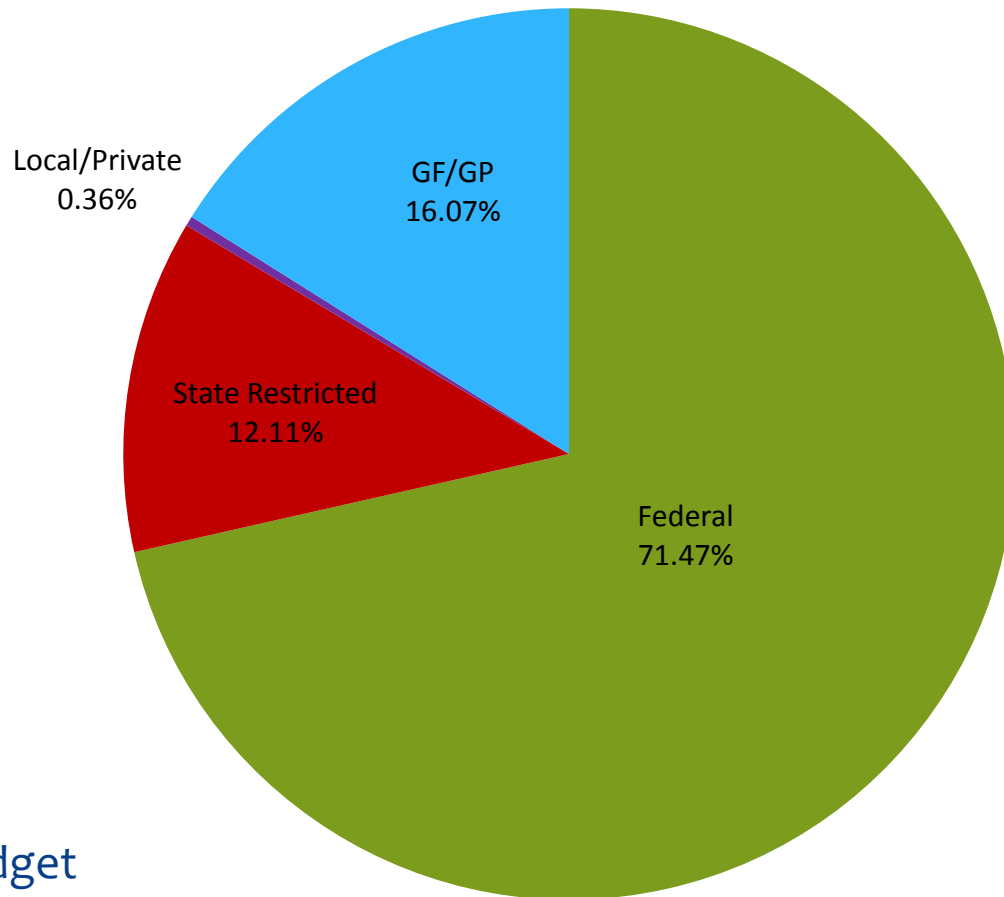


Financing

General Fund Support for Medicaid Remains Flat in the Face of Caseload & Health Inflation Increases



Medicaid Appropriation Revenue Sources



90% of MDCH Budget

Recovery and Cost Avoidance

- Medicaid is payer of last resort
- MDCH obtains third party health insurance information for Medicaid beneficiaries for recovery and cost avoidance activities
- Between FY12 and FY14:
 - \$283 million in Medicaid paid claims were recovered from other liable parties
 - \$5.3 billion in potential Medicaid costs were avoided

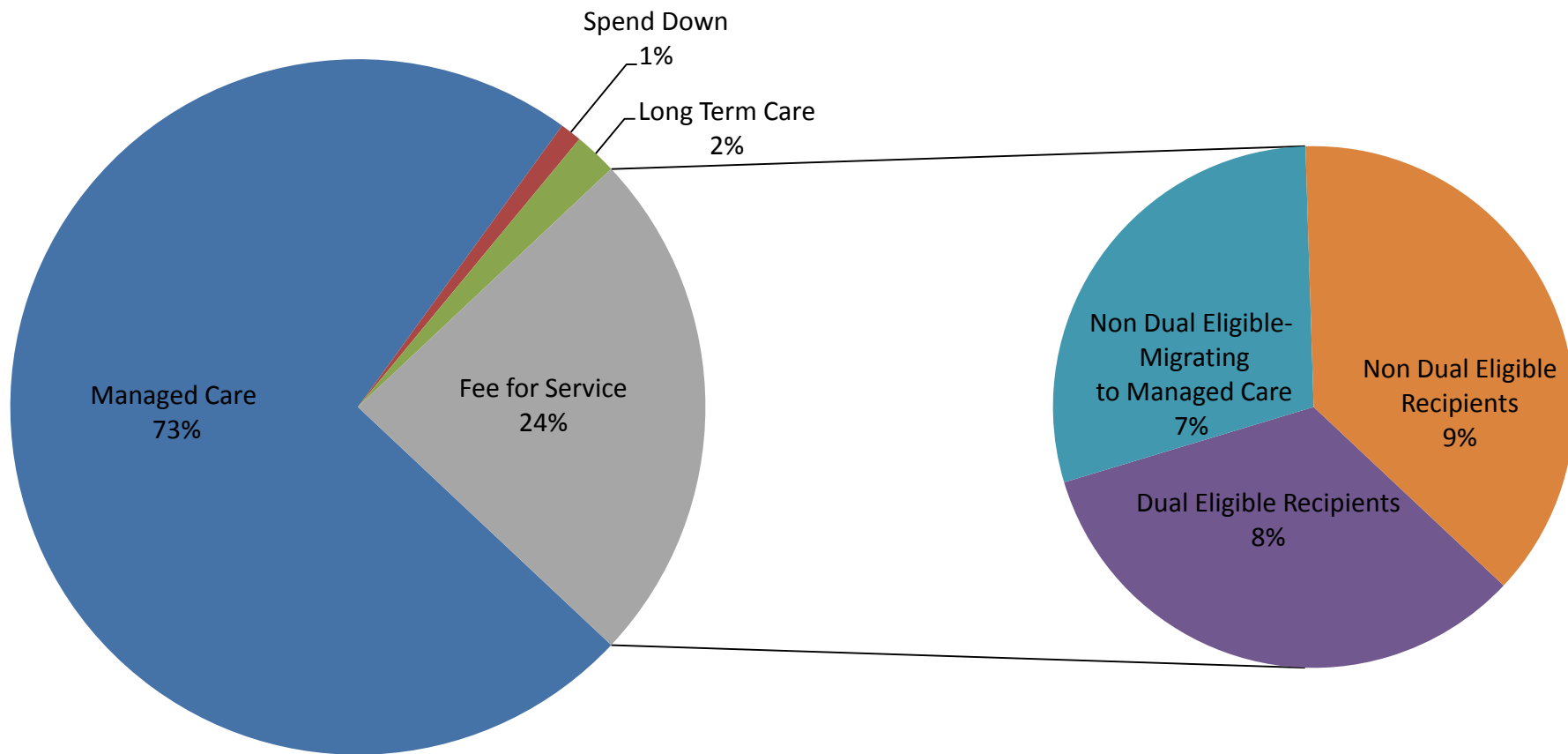
Accountability in Medicaid

- Numerous Audit Agencies
 - Office of the Inspector General - federal agency
 - MDCH Office of Health Services Inspector General- state agency
 - Office of the Auditor General - state agency
 - Office of Internal Audit Services - state agency
 - Centers for Medicaid/Medicare Services - federal agency
 - Government Accountability Office - federal agency
- Fifteen simultaneous audits on average
- Community Health Automated Medicaid Processing System (CHAMPS) paying dividends in performance audits



Managed Care & Health Plan Rebid

Medicaid Delivery System



Managed Care Plans- Quality and Access

- 13 accredited plans covering medically necessary services
 - Assignment of each HMO enrollee to a primary care physician is required to enhance access to needed services
 - Conform with the high standards of measurement and transparency on access and quality that have been adopted by Michigan Medicaid
 - Serve as the foundation for healthy behaviors and care management
 - Receive performance bonuses and auto-assignment preference based on plan scores relative to national Medicaid benchmarks

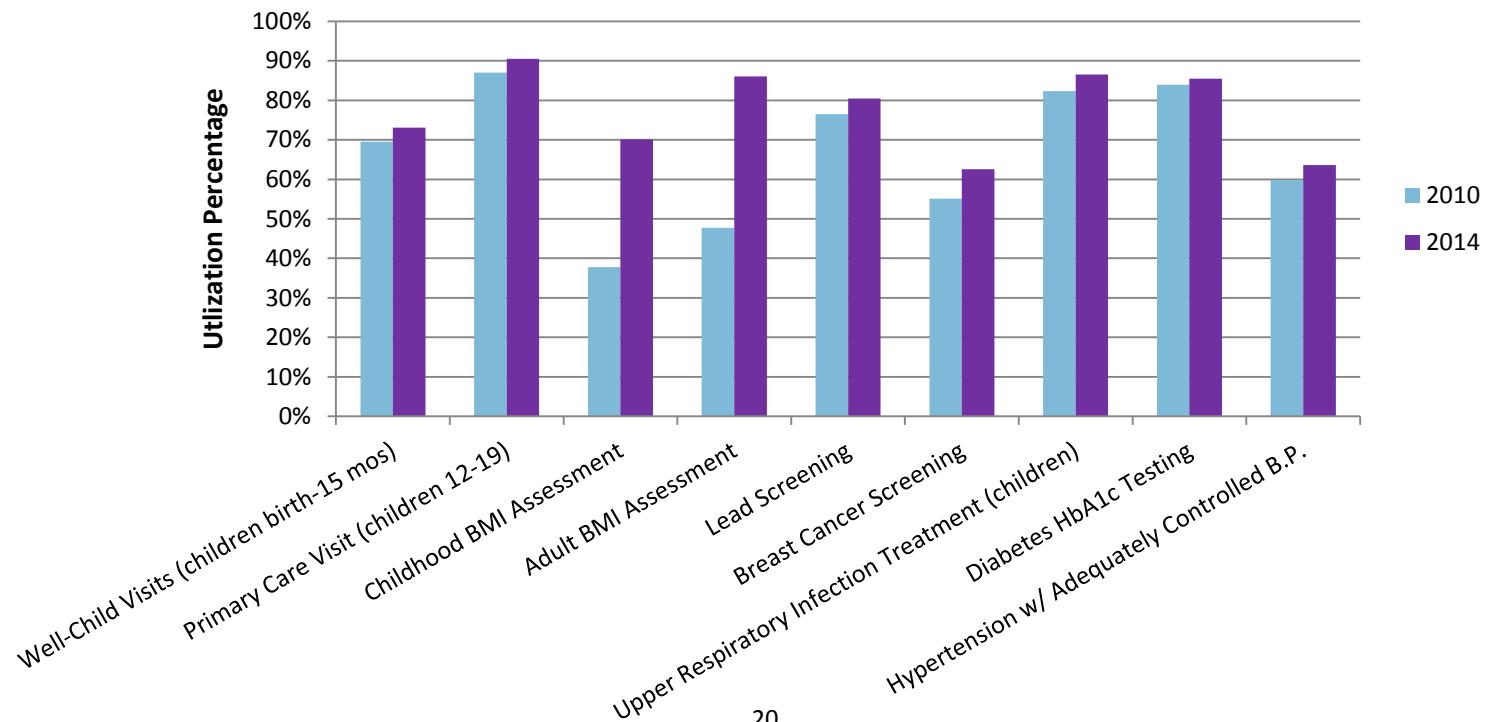
Michigan Medicaid Health Plans Excel

- The National Committee for Quality ranks 5 of Michigan's Medicaid Health Plans (MHPs) in the top 30 Medicaid Health Plans nationwide (2014)
 - Meridian Health Plan; Priority Health; Upper Peninsula Health; UnitedHealthcare Community; HealthPlus
- 8 MHPs are ranked in the top 50 nationwide
 - Includes Molina, McLaren and Coventry Cares
- Demonstrates commitment to provide high quality health care to our most vulnerable citizens

Significant Improvement in Incentivized Quality Measures

Michigan Medicaid Managed Care currently ranks above the National Healthcare Effectiveness Data and Information Set (HEDIS®) 50th percentile for all of the measures below and improvements continue to be made.

Michigan Medicaid Statewide Performance



Medicaid Health Plan Rebid

- New contract effective January 1, 2016
 - 5-year contract with three one-year options
- Procurement will focus on four pillars:
 1. Population health management
 2. Value-focused payment
 3. Integration of care
 4. Structural transformation
- Each pillar is supported by Health Information Technology and an overarching Quality Strategy

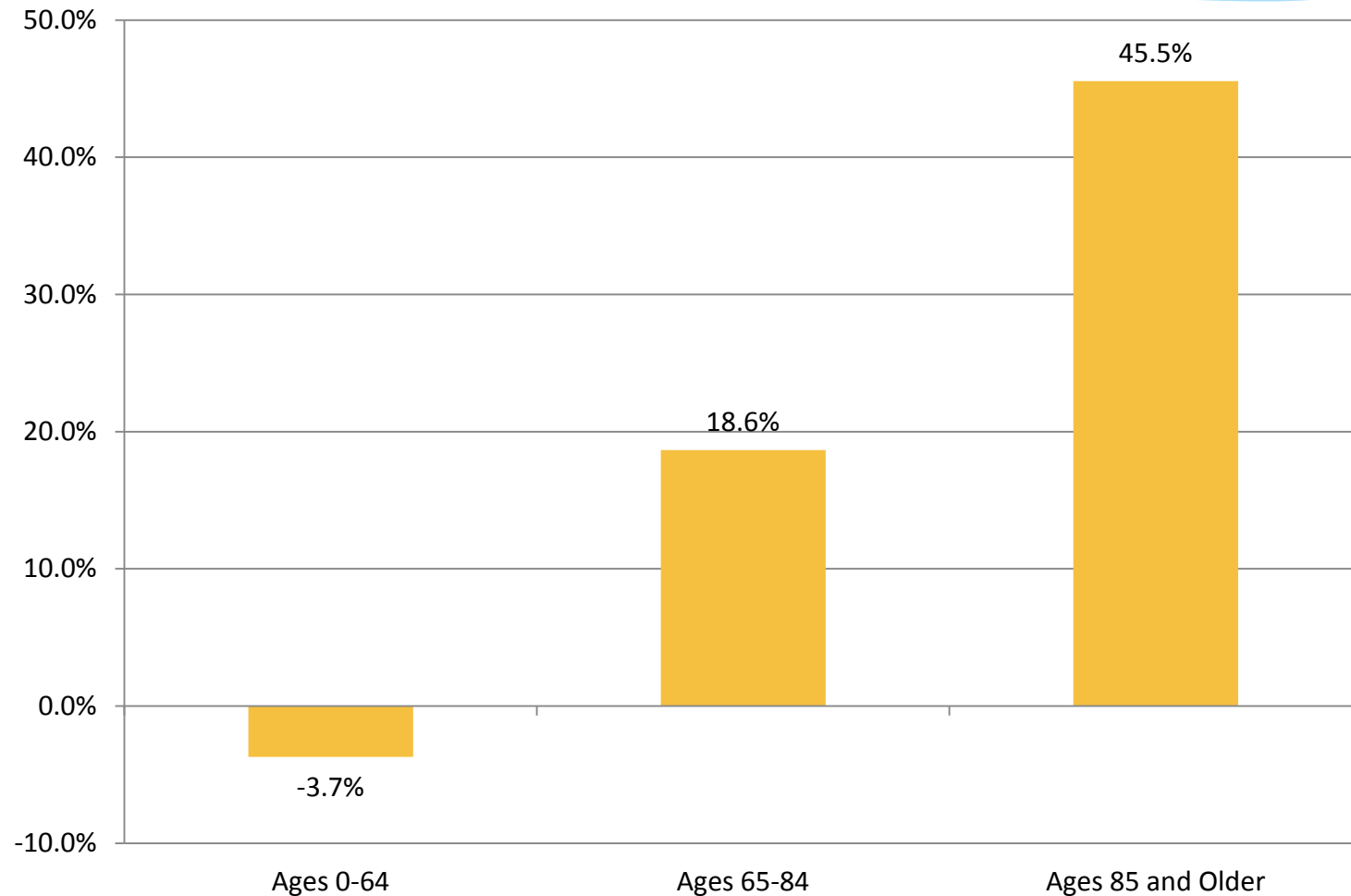
Medicaid Health Plan Rebid

- Major changes:
 - Governor's Prosperity Regions will be used
 - Bidders will be required to cover all counties in a region
 - Pay for value (rather than volume)
 - Greater emphasis on shared information and care coordination
 - Carved-out pharmacy benefits

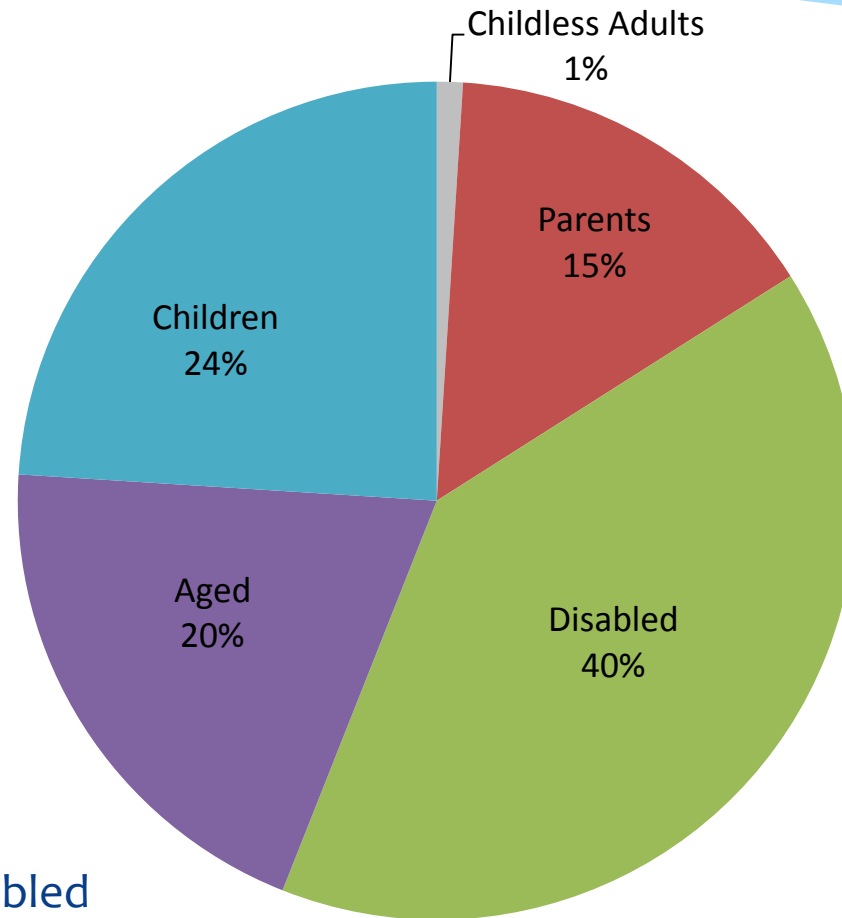


Long Term Care Supports and Services & Integrated Care for Dual Eligibles

Michigan Population Change – 2000-2013



Medicaid Costs



- 60% for Aged or Disabled
- 24% for Children

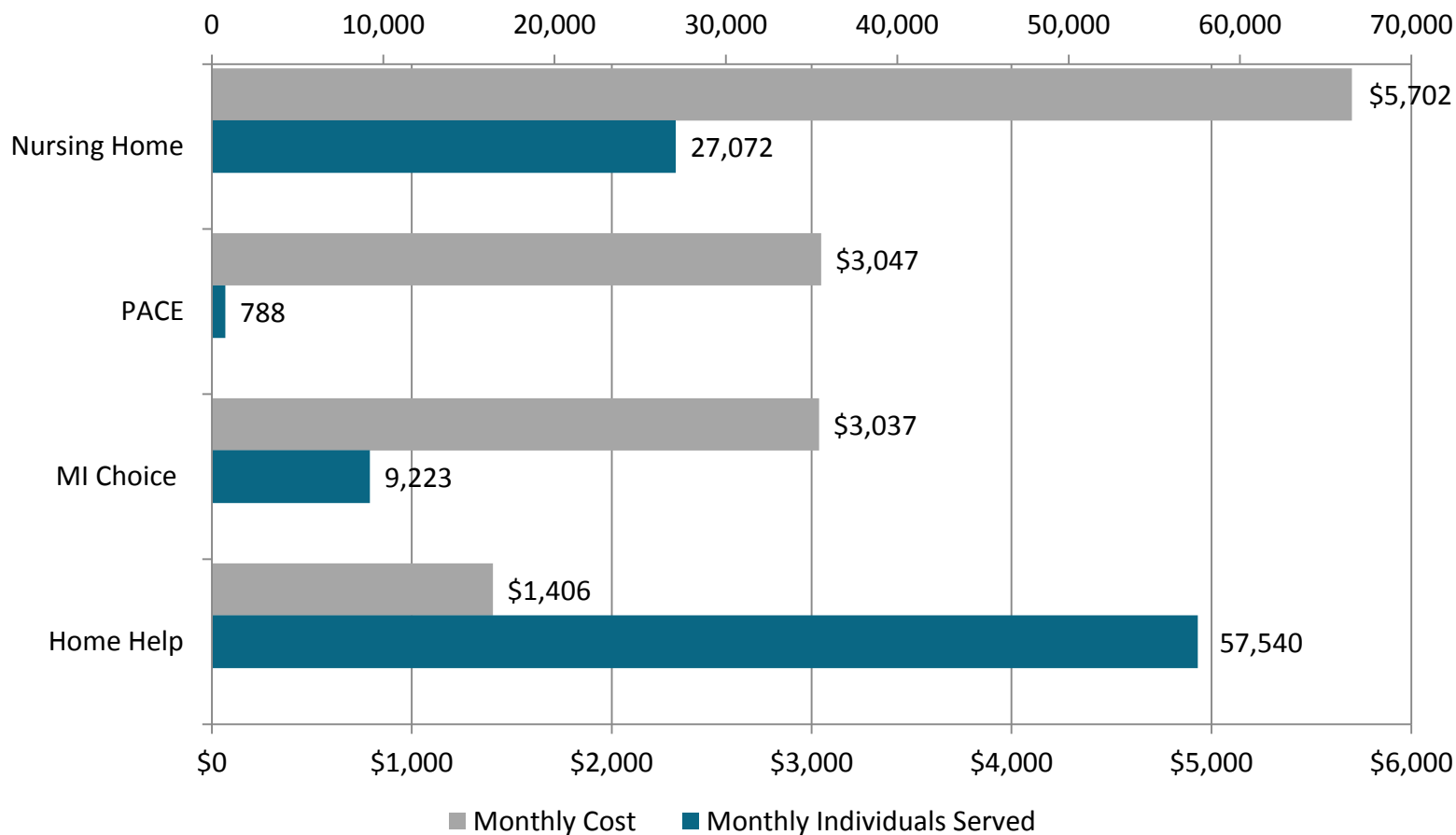
Medicaid Long Term Supports and Services

- Medicaid provides Long Term Supports and Services that cover a spectrum of programs and settings.
- Nearly one in five of Michigan's elderly or disabled citizens receives health care from Medicaid.
- Over 100,000 Medicaid beneficiaries receive long term supports and services over the course of a year.

Medicaid Long Term Supports and Services

- Nursing Facility
 - Skilled nursing care services
- Program for All Inclusive Care for the Elderly (PACE)
 - Acute and long term care services provided through a community center
- MI Choice
 - Wide ranging home and community-based supports and transition services
- Home Help
 - In-home Personal Care Services

Average Monthly Costs and Individuals Served



Integrated Care – MI Health Link

- Three year demonstration with Center for Medicare and Medicaid Services for people dually eligible for Medicare and Medicaid
 - Seeks to improve quality and access to care for residents by aligning Medicare and Medicaid services, rules, and funding
- Seven Integrated Care Organizations selected to implement across four regions:
 - Upper Peninsula
 - Southwest (eight counties)
 - Macomb County
 - Wayne County

Integrated Care – MI Health Link

- Program goals include:
 - Providing seamless access to all Medicare and Medicaid services and supports
 - Offering a person-centered care coordination model
 - Streamlining administrative processes
 - Eliminating barriers to home and community based services
 - Providing quality services focusing on enrollee satisfaction
 - Realigning financial incentives
- Enrollment began—February 2015
- Program launched—March 1, 2015

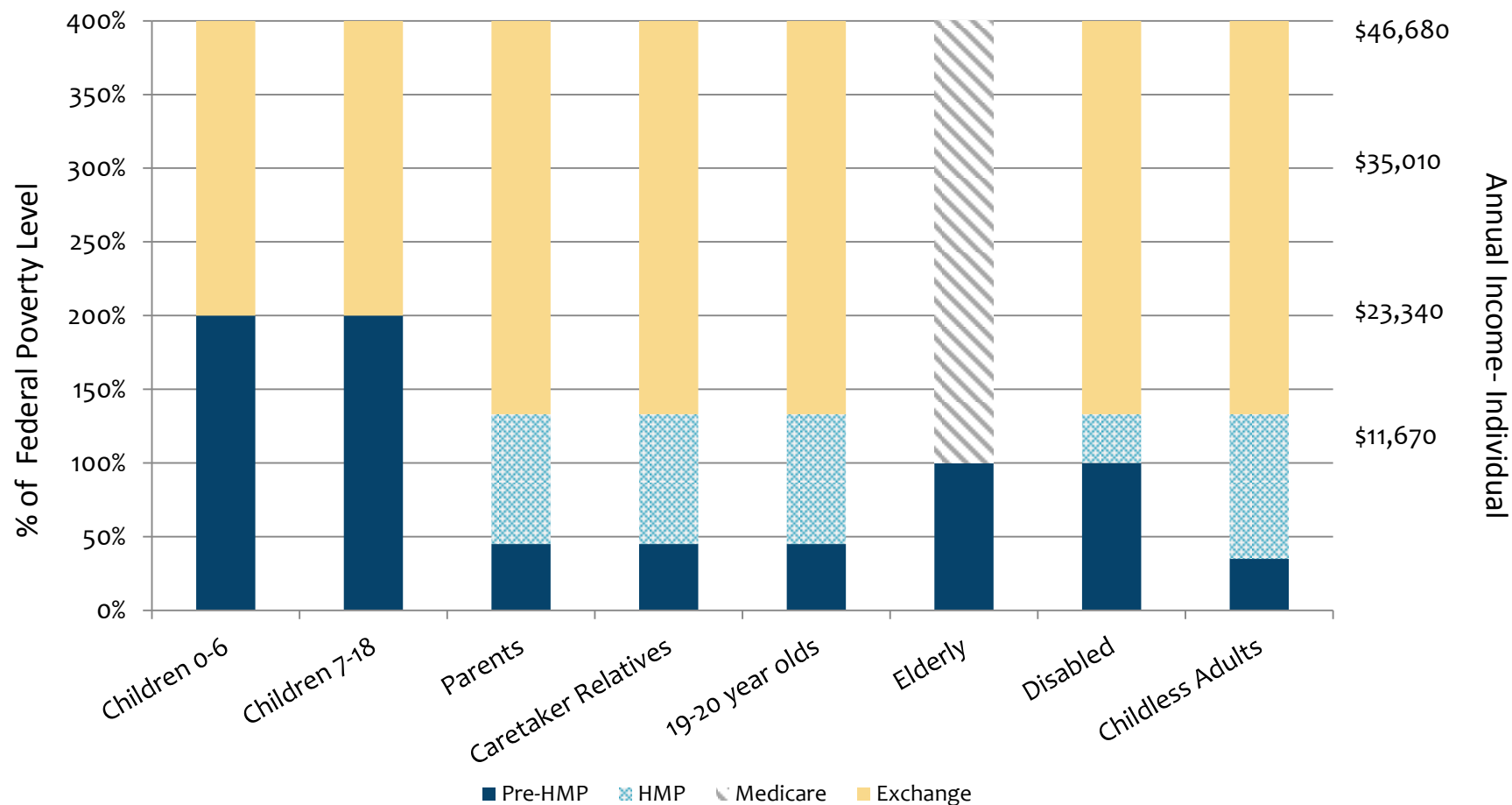


Healthy Michigan Plan (HMP)

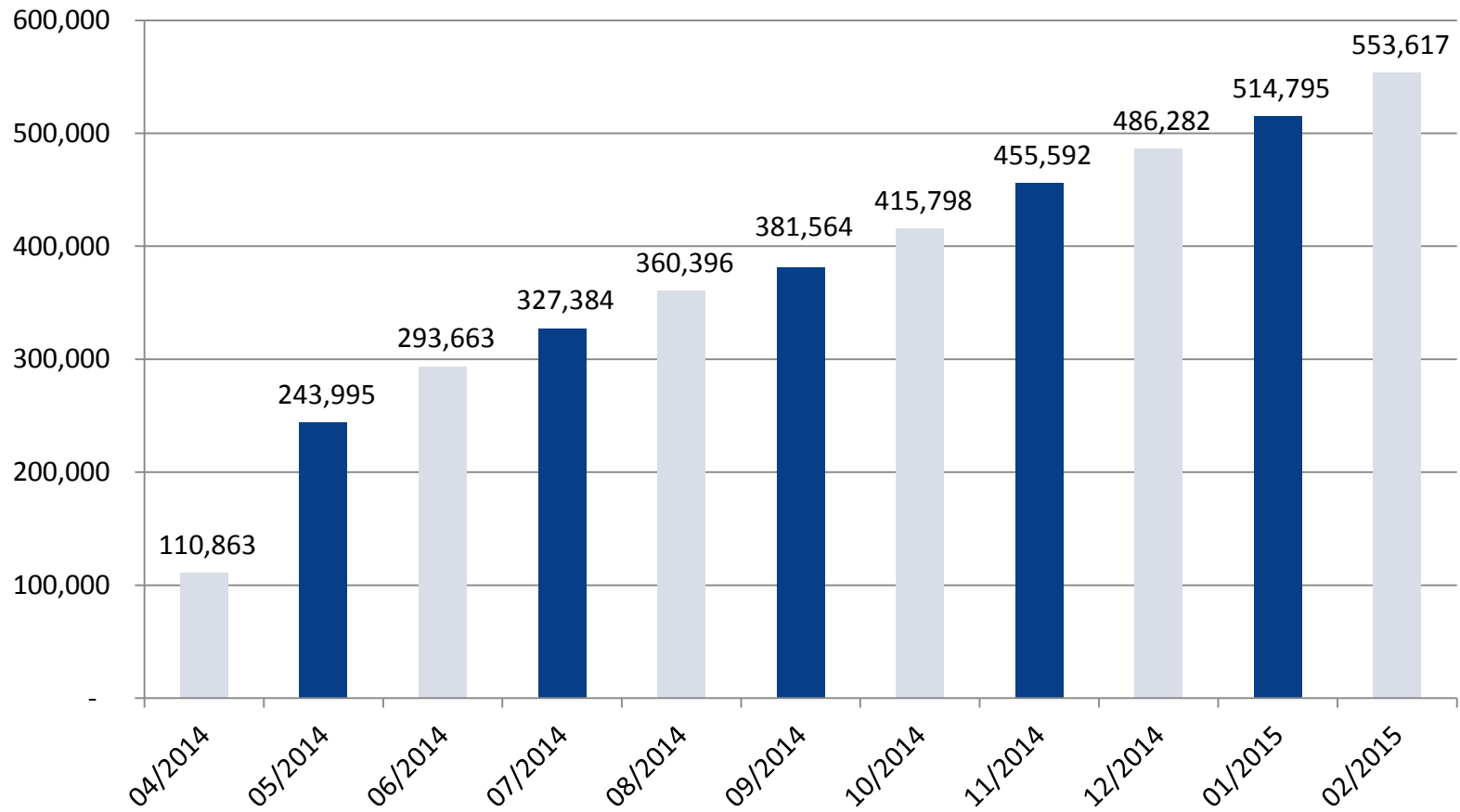
Healthy Michigan Plan Overview

- Major initiative of FY 2014
- Extends access to health coverage to previously uninsured or underinsured Michigan citizens
 - Emphasis on prevention
- Enrollment began in April 2014

Healthy Michigan Plan Fills the Gap



Healthy Michigan Plan Enrollment



Healthy Michigan Plan Themes

Legislation about program improvement broadly:

- Managed care approach
- Structural incentives built around promoting personal responsibility
 - Beneficiary Cost Sharing
 - Healthy Behavior Incentives
- Alignment of incentives – beneficiaries, providers, and health plans
- Continued improvements to Medicaid with integrated care and value based design and purchasing
- Accountability

Healthy Michigan Plan-Personal Responsibility

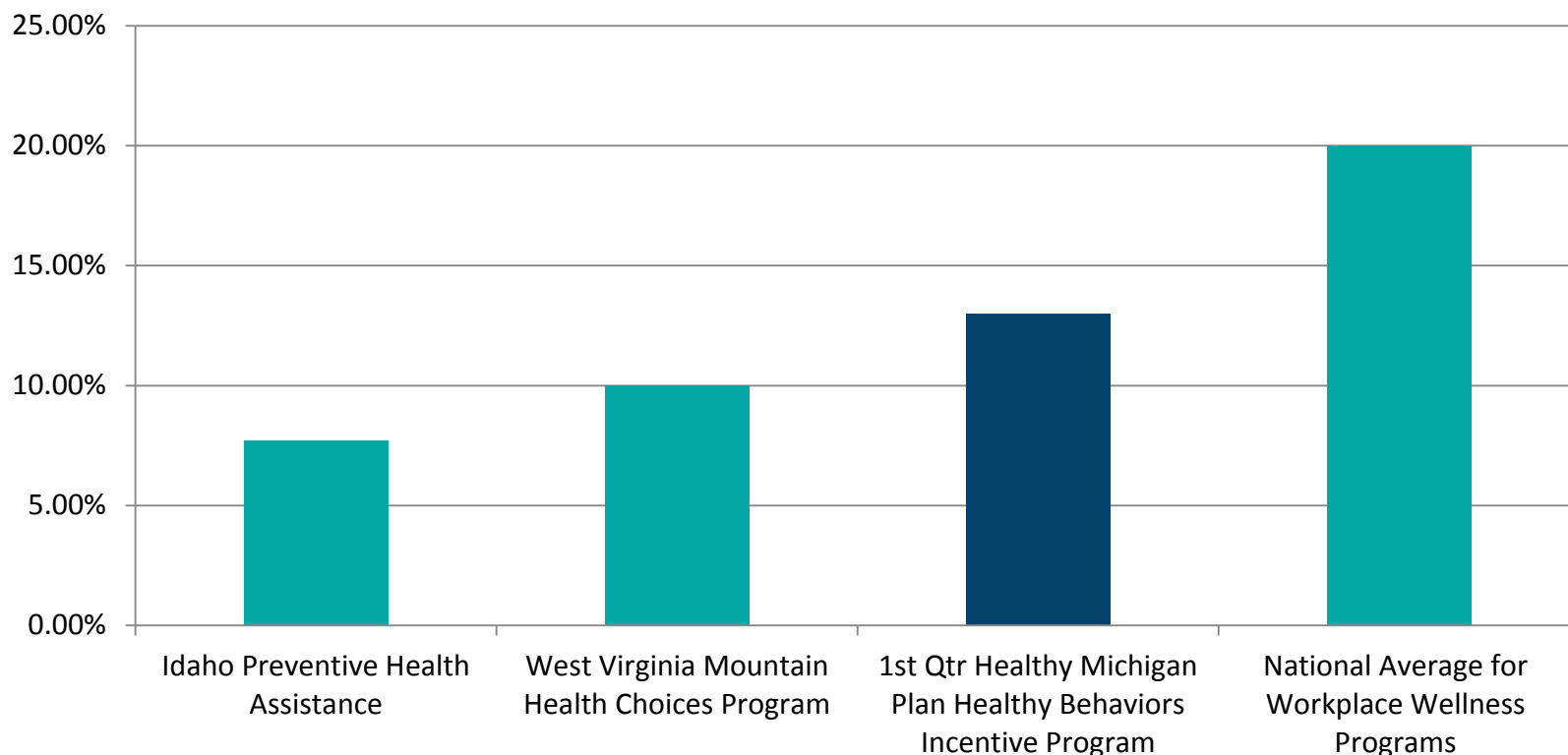
Healthy Behaviors

- Identifying areas of improved health through Health Risk Assessment (HRA) and promoting engagement in healthy behaviors.
- As of 1/21/2015, 96% of beneficiaries completed telephonic portion of Health Risk Assessment when choosing their health plan
 - 158,764 completed/165,294 enrollment calls
- Beneficiary then completes the rest of the Health Risk Assessment with primary care provider at initial appointment

Healthy Michigan Plan-Personal Responsibility

Healthy Behaviors

Wellness Program Participation Rates^{1, 2}



¹ Source for participation rates in Medicaid programs: Blumenthal K.A. et al. Medicaid Incentive Programs to Encourage Healthy Behavior Show Mixed Results To Date and Should be Studied and Improved. Health Affairs, 32, no. 3 (2013): 497-507.

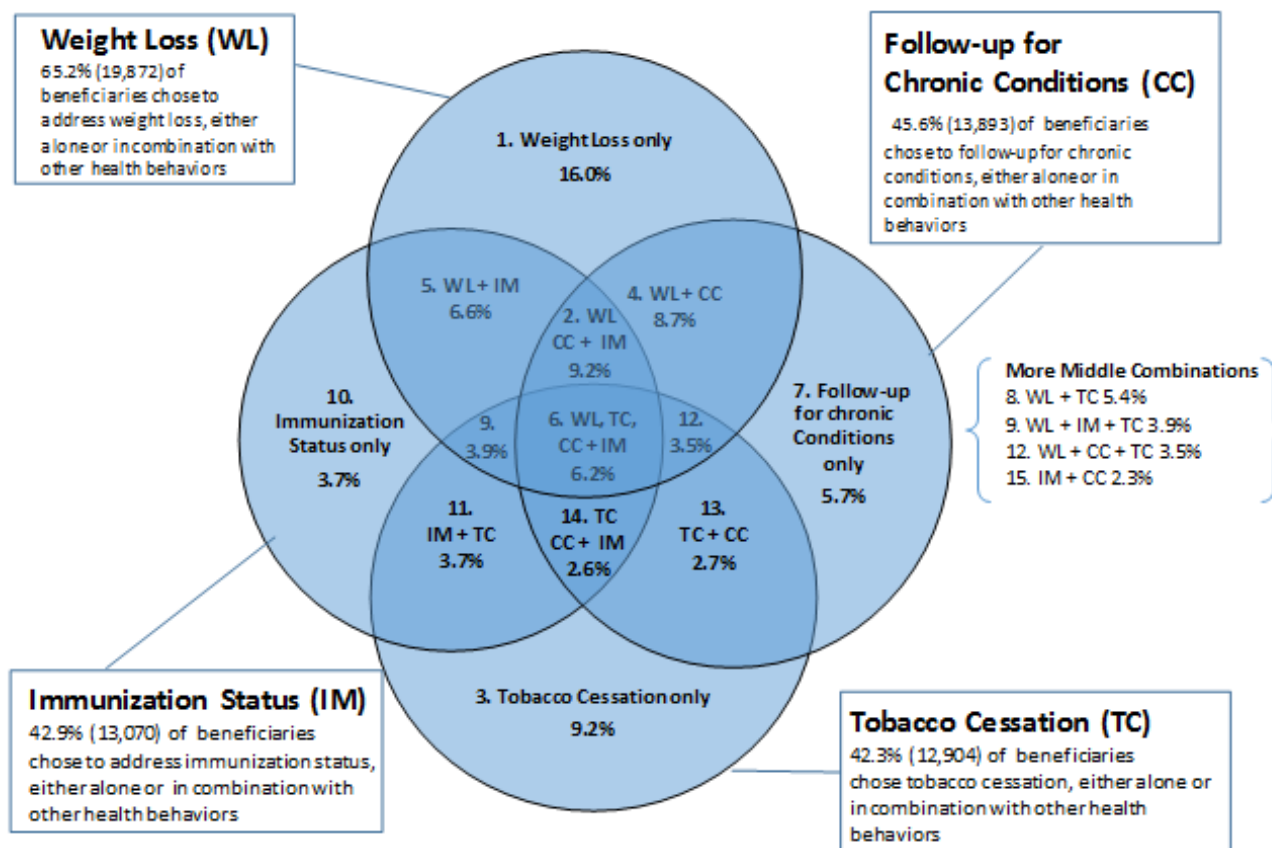
² Source for national average for workplace wellness programs: Mattke, S. et.al. ;Workplace Wellness Programs Study – Final Report. RAND Health. Sponsored by the U.S. Department of labor and U.S. Department of Health and Human Services. 2013: RAND Corporation.

Healthy Michigan Plan-Personal Responsibility

Healthy Behaviors

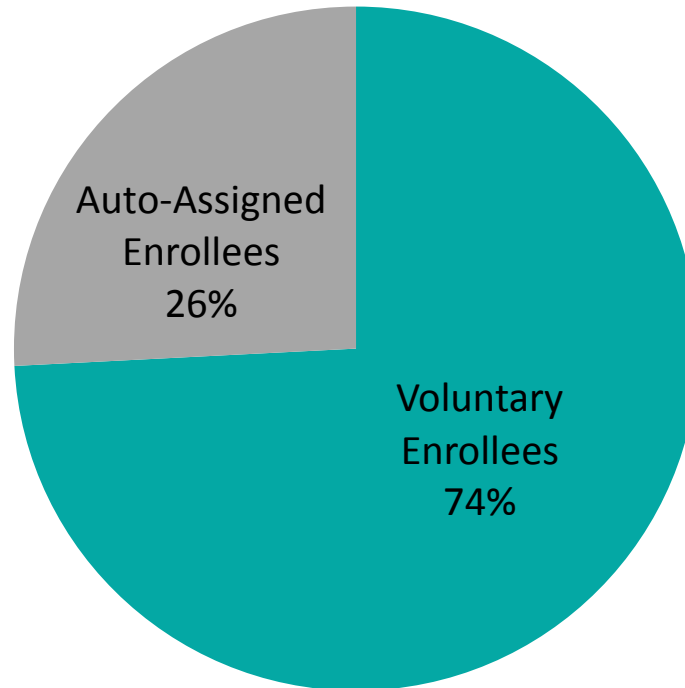
Health Risk Assessment Completion with Primary Care Provider

Representation of the overlapping nature of top 15 health risk behavior selections December 2014



Healthy Michigan Plan-Personal Responsibility Health Plan Enrollment

- As of January 1, 2015, nearly three-quarters of the HMP members have enrolled in the health plan of their choosing vs. being auto-assigned by the state.



Healthy Michigan Plan-Personal Responsibility Preventive Care

Healthy Michigan Plan Beneficiaries Accessing Care (as of February 5, 2015)

Type of Visit	Males	Females	Total
Primary Care	121,440	168,435	289,875
Preventive Visit	32,260	61,072	93,332
Colonoscopies/Colon Cancer Screening	6,172	7,959	14,131
OB (Antepartum, Delivery, Postpartum)	-	-	1,980
Mammograms	-	-	28,899

Healthy Michigan Plan Fiscal Impact

- General Fund savings
- Reduction in uncompensated care
- Takes pressure off of private health insurance premiums for businesses and families
- Offsets planned cuts to DSH and Medicare



Governor Snyder's FY 16 Recommendation

MDCH 2016 Budget Recommendation

(in millions)

Other Investments	GF/GP	All Funds
Medicaid Adult Dental	\$ 7.9	\$ 23.0
Healthy Kids Dental Phase-In	\$ 7.5	\$ 21.8

Reductions	GF/GP	All Funds
Enhance Federal Revenue with State Psychiatric Hospital DSH	\$ (15.8)	\$ 24.1
Graduate Medical Education funding change	\$ (63.5)	\$ -
Rural and Sole Community Hospital funding change	\$ (13.6)	\$ -
Eliminate Medicaid OB/GYN Hospital lump sum payments	\$ (3.8)	\$ (11.0)
Increased pharmacy rebates and HMO contract care coordination savings	\$ (22.1)	\$ (64.1)
HMO Hospital Capital payment policy change	\$ (12.0)	\$ (34.8)
HMO laboratory reimbursement rate change	\$ (10.9)	\$ (31.8)
Eliminate Graduate Medical Education MiDocs Consortium funding	\$ (0.5)	\$ (0.5)

Other Adjustments	GF/GP	All Funds
Actuarial Soundness - 2%		
Traditional Medicaid	\$ 25.9	\$ 75.2
Healthy Michigan Plan	\$ -	\$ 55.0
Continue Primary Care Rate Increase	\$ 8.3	\$ 24.2
Health Insurance Claims Tax Revenue	\$ (186.6)	\$ -

FY16 Initiatives

Integrate Health and Wellness

Healthy Kids Dental Expansion

- Continue phase in plan for statewide coverage
- Expand into Kent, Oakland, and Wayne Counties
- Cover children under age 9
- \$21.8M Gross/\$7.5M GF investment to cover an additional 210,000 children

FY16 Initiatives

Integrate Health and Wellness

Medicaid Adult Dental Services

- Improve access
- Reduce more costly and inadequate care
- Improve health
- FY2016 investment = \$23M Gross/\$7.9M GF

MDCH Contact Info and Useful Links

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Twitter: @MIHealth, <https://twitter.com/mihealth>

Useful Links:

Executive Budget: <http://www.michigan.gov/mibudget>

MI Healthier Tomorrow: www.michigan.gov/mihealthiertomorrow

Healthy Michigan Plan: www.michigan.gov/healthymichiganplan

MIChild: www.michigan.gov/michild